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120294

BY THE COMPTROLLER GENERAL  
Report To The Ranking Minority Member,  
Committee On Government Operations  
House Of Representatives  
OF THE UNITED STATES

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**DOD Use Of Official Representation Funds  
To Entertain Foreign Dignitaries**

The Department of Defense's Distinguished Visitors' Program pays for visits of foreign military officials to the United States. The Department's stated purpose for the program is to strengthen ties with our military allies and the potential purchase of military weapons is often discussed. The Secretary of Defense has wide discretion under the law to spend official representation funds for any purpose he determines to be proper.

If the Congress believes that the degree of discretion currently permitted should be modified, legislative changes would be necessary to limit the Department of Defense's use of funds for official representation activities.

DOD has agreed to carry out GAO's recommendations to improve the management and efficiency of the program.



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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D.C. 20548

B-208137

The Honorable Frank Horton  
Ranking Minority Member, Committee  
on Government Operations  
House of Representatives

Dear Mr. Horton:

This responds to your letter of April 26, 1982, concerning the Department of Defense's (DOD's) reported use of taxpayers' money to entertain prospective buyers of American-made weapons as cited in the March 8, 1982, U.S. News & World Report article, "When Foreign VIP's Junket at U.S. Expense." We found that the activities and dollar amounts cited in the article were generally correct. (See app. I.)

According to DOD, invitations to visit the United States are extended to foreign officials in order to strengthen ties with important military allies. Although not the primary reason for these visits, the potential purchase of military weapons is often discussed. In most cases, foreign guests were provided demonstrations of military equipment while visiting U.S. military installations and, in a few cases, foreign guests visited military contractors' plants.

DOD charges hotel, meal, entertainment and other miscellaneous expenses for its Distinguished Visitors' Program <sup>1/</sup> to the Official Representation account within the Emergencies and Extraordinary Expenses Limitation. During fiscal year 1981, DOD charged \$381,055 to the Official Representation account for the Distinguished Visitors' Program. This figure, however, understates the total cost of the program because other costs are included in other accounts and not separately identified.

Because DOD's guidance states that the Official Representation account cannot be used for any expense for which another appropriation is available, DOD charges, among other things, escort officers' time and expenses, military equipment demonstrations, planning for the trips, and the cost of flying the foreign guests around the United States on U.S. military aircraft to other accounts. Expenses for these items are not separately accumulated and, therefore, they do not show up in

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<sup>1/</sup>DOD has no formal "Distinguished Visitors' Program," however, this is the description most commonly used within DOD when discussing the use of funds from the Official Representation account for entertaining foreign dignitaries.

the total cost DOD reports for each visit. For example, the use of U.S. military aircraft during the fiscal year 1981 program cost \$945,697 <sup>1/</sup>, but these costs were not charged by DOD to the Official Representation account nor included in DOD reports on the costs of the program.

We recognize that charging such expenses to other accounts is required for those expenses for which another appropriation is available. However, if Congress determined that it should be provided a full accounting of the costs of the Distinguished Visitors' Program, DOD could best do this by estimating such costs in a memorandum account that could be added to the amounts already reported.

All expenses that we reviewed for DOD's Distinguished Visitors' Program for fiscal year 1981 were authorized by law. This is because of the wide discretion the Secretary of Defense and the Secretaries of the military departments have under the statute authorizing emergency and extraordinary expenses (10 U.S.C. 140). The law provides that funds may be spent on the approval or authority of the Secretary for "any purpose he determines to be proper". His determination is final and conclusive. Therefore, we cannot take audit exception to any expenditure made under authority of 10 U.S.C. 140. On the other hand, we are not precluded from commenting on the propriety of any such expenditure.

We found that some expenses charged to the Official Representation account were inconsistent with DOD and the military departments' guidance regarding the use of these funds. We found instances where, based on the guidance,

- expenses were incorrectly documented,
- proper ratios of DOD to non-DOD guests were not maintained, and
- expense limitations were exceeded. (See pages 4 and 5 of app. II for examples.)

Army and Navy officials explained that expense limitations were exceeded because the guidance has not been adjusted for inflation, and the limits are not adequate in all locations.

Some types of expenses, however, were not clearly addressed in the guidance. Although DOD, as a matter of policy, prohibits use of Official Representation funds for conferences, the military departments make an exception for conferences between U.S.

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<sup>1/</sup>The time U.S. military aircraft flew during the fiscal year 1981 program was only available for 87 percent of the visits. Aircraft costs are not normally identified but were for fiscal year 1981.

and foreign officials. Also the lack of clarity about which expenses should be charged to other appropriations led to differences in how expenses, e.g., rental cars, tolls, and meals for vehicle drivers, were handled by the military departments.

One item not addressed in the guidance that may need to be clarified is the amount of time which can be spent on social activities before and after official business. For example, some visits began on Saturday even though official business did not begin until Monday and some visits ended anywhere from Sunday to Tuesday even though official business was completed on the previous Friday.

Also, we determined that there was minimal contact among the military departments concerning the program. Officials in all three departments were unaware of how their counterparts in the other departments administered their Distinguished Visitors' Program.

During our review, DOD implemented guidance regarding the use of Official Representation funds specifically for foreign dignitary visits. Although we believe the new guidance is a step in the right direction, we recommend that the Secretary of Defense clarify (1) if Official Representation funds should be used for expenses resulting from conferences between U.S. and foreign officials, (2) which expenses should be charged to other appropriations, and (3) if funds from the Official Representation account should be used to entertain foreign guests on weekends prior to or following the visitors' official business. We further recommend that the Secretary of Defense direct the military departments to (1) follow current guidance more closely or, where the guidance is inadequate, change the appropriate sections accordingly, and (2) coordinate and share mutually beneficial information about the administration of their programs.

The results of our review are discussed in more detail in appendix II. Appendix III discusses our approach in determining the purposes of DOD's Distinguished Visitors' Program and the extent to which it is used.

Appendices IV and V identify types of expenses and the nature of activities for DOD's Distinguished Visitors' Program. To the extent that you and other Members of Congress would want to modify the degree of discretion currently permitted, legislative changes would be necessary to limit the Department's use of funds for official representation activities.

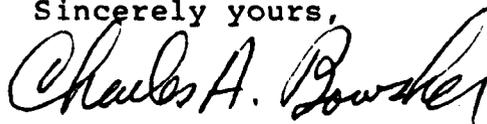
This report was reviewed by DOD officials who agreed with its contents and indicated that corrective action was being taken. DOD's comments are included in appendix VI.

B-208137

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report except to Representative Chalmers P. Wylie until 10 days from the date of this report. At that time, we will send copies to the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force as well as other interested parties.

If we can be of further assistance in this matter, please let us know.

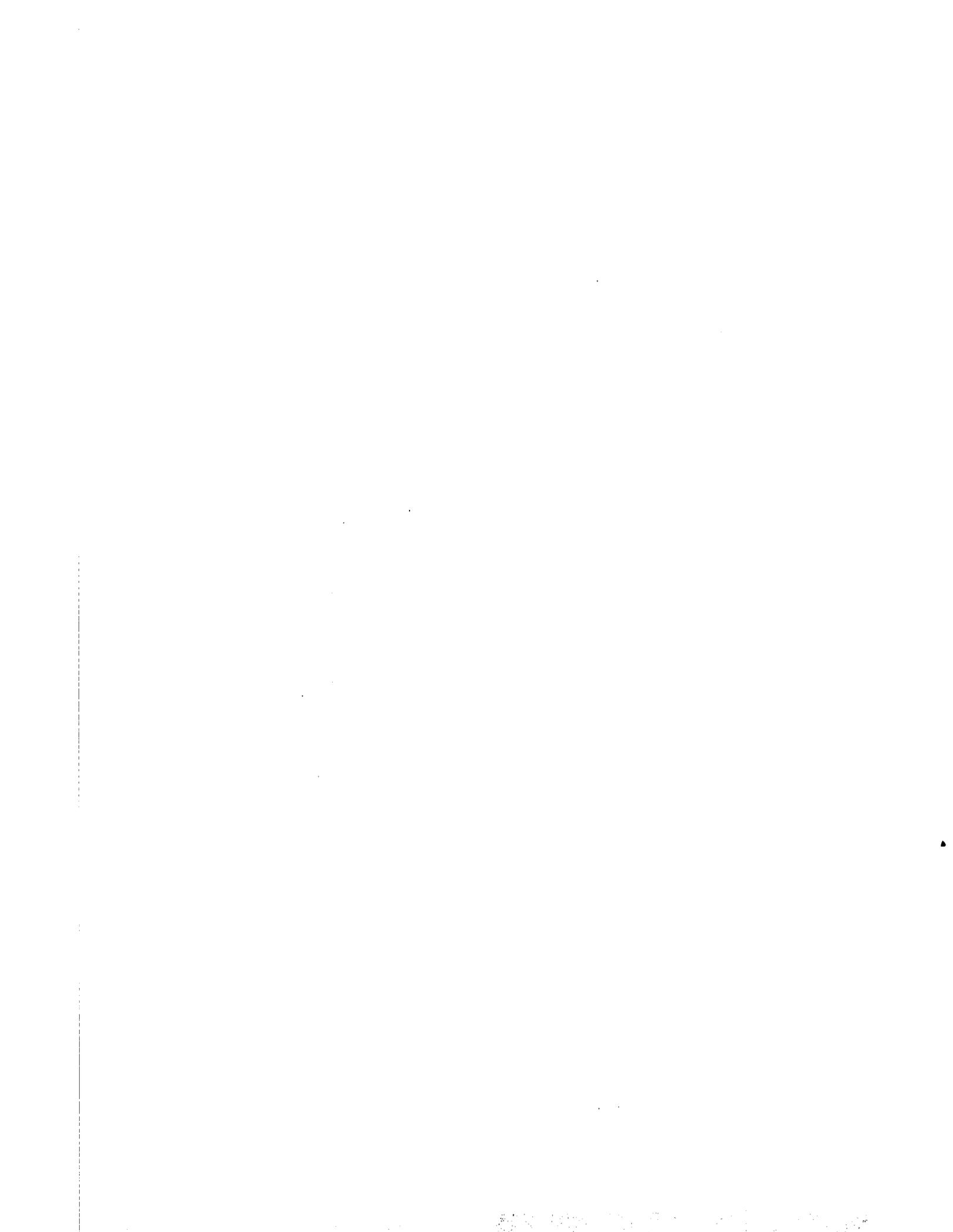
Sincerely yours,

A handwritten signature in cursive script that reads "Charles A. Bowsher". The signature is written in dark ink and is positioned above the typed name.

Comptroller General  
of the United States

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VERIFICATION OF U.S. NEWS & WORLD REPORT ARTICLE

As part of your letter of April 26, 1982, you cited a March 8, 1982, U.S. News & World Report article "When Foreign VIP's Junket at U.S. Expense." We reviewed the visits cited in this article to verify the activities and dollar amounts. The specifics of each visit identified were essentially correct, but the costs of some of the visits listed in the article were higher than the amounts DOD charged to the Official Representation account. The expenses listed in the article more closely reflected the total cost of the foreign dignitaries' visits because they included the amounts DOD charged to the Official Representation account, as well as air transportation costs incurred while flying the foreign visitors around the United States. For example, the article listed the cost of a 12-day visit by a New Zealand delegation at \$34,461, while DOD listed the cost of the same visit as \$9,960.

DOD maintains that the cost of flying military aircraft for foreign dignitary visits should not be charged to the Official Representation account, but rather to another account as required by the regulations. These flying costs do not show up in the total cost DOD reports for each visit. Therefore, DOD's use of a U.S. military C-140 aircraft for 15 hours, costing \$24,195 and use of a UH-1 helicopter for 1 hour and 15 minutes, costing about \$236 during the New Zealand delegation's visit was not included in DOD's reported cost of the visit.

We did not find, as stated in the article, that the Official Representation funds are hidden in the classified budget of the Defense Intelligence Agency. Official Representation funds are used for unclassified purposes and the information is public. However, it should be pointed out that DOD has a separate "Confidential Military" account which is used for intelligence purposes and is classified, but according to DOD is not used for the Distinguished Visitors' Program.

DOD USE OF OFFICIAL REPRESENTATION FUNDS  
TO ENTERTAIN FOREIGN DIGNITARIES

BACKGROUND

DOD is authorized by law (10 U.S.C. 140) to use money from its Operations and Maintenance Appropriations for emergencies or extraordinary expenses which, over the years, have been used in part for official representation activities. Official Representation funds are used to extend courtesies to U.S. and foreign dignitaries and officials. During fiscal year 1981, DOD charged \$2,214,808 to the Official Representation account of which 17 percent (\$381,055) was used for DOD's Distinguished Visitors' Program. 1/

According to DOD, invitations to visit the United States are extended to foreign officials in order to strengthen ties with important military allies. Justification for the visits include resuming or securing ties with foreign governments, establishing rapport between top U.S. and foreign military officials, and demonstrating U.S. interest in and strategic importance of a foreign country. Although not the primary reason for these visits, the potential purchase of military weapons is often discussed. In most cases, foreign guests were provided demonstrations of military equipment while visiting U.S. military installations and, in a few cases, foreign guests visited military contractors' plants.

Program statistics for fiscal years 1980 through June 30, 1982, are shown in the following table. 2/

	<u>1980</u>	<u>1981</u>	<u>As of June 30, 1982</u>
Official Representation funds expended	\$1,757,436	\$2,214,808	\$1,733,144
Distinguished Visitor funds expended	\$ 288,529	\$ 381,055	\$ 277,945
Total visits conducted	64	63	54
Total foreign dignitaries and officials hosted	625	720	547

1/DOD reported that during fiscal year 1981, \$521,436 was charged to host foreign dignitaries and officials. However, only \$381,055 was charged to host foreign dignitaries under DOD's Distinguished Visitors' Program. The remaining \$140,381 was charged to entertain foreign dignitaries visiting the United States on self-initiated visits.

2/These statistics were provided to us by the military departments, the Organization of the Joint Chiefs of Staff, and the Secretary of Defense.

Foreign dignitary visits are hosted by the Army, Navy, Air Force, Joint Chiefs of Staff, and Office of the Secretary of Defense. The program operates primarily as a counterpart program, e.g., the Secretary of the Navy of the United States will invite the equivalent of the Secretary of the Navy of a foreign country.

Selection of the foreign dignitaries to be invited begins from 6 to 18 months prior to the actual visit. Recommendations on who should be invited are received from U.S. military officials worldwide, and include a complete justification for the proposed visit, its relative priority, and a tentative timeframe for the visit. DOD headquarters personnel coordinate, prioritize, and ultimately approve the proposed plan.

Visits normally last from 8 to 12 days, and generally include 4 to 6 foreign guests. The itinerary is based on the personal desires of the primary guest, and suggestions from DOD personnel. Schedules normally include a visit to Washington, D.C., for meetings and social engagements before visits are made to various installations in the United States. The spouse of the primary guest can be one of the invitees and, when appropriate, a separate itinerary permits spouses to observe activities of American culture, and to shop and sightsee in communities neighboring the installations. While in Washington and other major cities, the foreign guests generally stay at top-rated hotels and dine at fine restaurants. Military housing and dining facilities are normally used when visiting U.S. installations.

Visitors are responsible for paying their own transportation expenses to and from the United States; however, once they land on U.S. soil virtually all expenses are paid by DOD. In addition to lodging, meal, and entertainment expenses, DOD provides the foreign guests with one or two military escorts throughout their visit. U.S. military aircraft for continental U.S. travel is also provided for the foreign guests and escorts.

EXPENSES CHARGED TO OFFICIAL  
REPRESENTATION ACCOUNT AUTHORIZED BY LAW

All expenses that we reviewed for DOD's Distinguished Visitors' Program for fiscal year 1981 were authorized by law. The Secretary of Defense and Secretaries of the military departments have wide discretion in their use of funds appropriated under Operations and Maintenance for emergencies and extraordinary expenses. Over many years this account has been used to support official representation activities. The law (10 U.S.C. 140) states that,

[T]he funds may be spent on approval or authority of the Secretary concerned for any purpose he determines to be proper, and such a determination is final and conclusive upon the accounting officers of the United States. . . .  
(Underscoring added.)

This gives the Secretary of Defense or Secretary of a military department virtually unlimited authority to determine how funds for official representation activities will be spent. Therefore, we cannot take audit exception to any expenditure made under the authority of 10 U.S.C. 140. On the other hand, we are not precluded from commenting on the propriety of any such expenditure.

The legislative history clearly shows that past Congresses were aware that DOD spent funds from the Official Representation account for entertainment purposes, including entertaining foreign dignitaries. We did not find that past Congresses objected to using these funds for lodging, meals, and entertainment, such as theaters, sports events, and sightseeing tours.

#### BETTER ADHERENCE TO DEPARTMENT GUIDANCE NEEDED

The military departments have guidance <sup>1/</sup> covering the use of funds for official representation activities which outline (1) how expenses are to be documented, (2) limits placed on the ratio of DOD to non-DOD guests at official functions and on certain expenses, and (3) the purposes for which funds may and may not be used. In the Army and Navy, we found inadequately documented expenses, improper ratios of DOD to non-DOD guests, and expenses which exceeded established limits. We found that the Air Force adheres closely to its guidance. Closer adherence to the guidance, particularly by the Army and Navy, would result in better management and accounting of expenditures, as well as nominal dollar savings.

#### Expense documentation lacking

The military departments' guidance sets forth the documentation needed for expenses. The Air Force requires a receipt or memorandum explaining why a receipt could not be obtained for all expenses over \$3.00. The Army and Navy require expenses to be itemized, e.g., the cost of food, refreshments, and tips must be itemized for meals and the number of bags handled must be itemized for baggage handling. All three departments require guest lists for certain activities.

We found based on our sample that:

- 98 percent of Air Force expenses were supported by a receipt or memorandum,
- 18 percent of Army's and 35 percent of Navy's meal expenses were not itemized,
- 100 percent of Army's and 33 percent of Navy's baggage handling expenses were not itemized,

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<sup>1/</sup>Guidance in the form of regulations, policies, procedures, and guidelines.

--33 percent of Army's and 90 percent of Navy's entertainment expenses which required guest lists did not have them, and

--100 percent of Air Force activities had guest lists when required.

#### Limitations exceeded

Guidance for all the military departments requires that if an event honoring foreign guests involves less than 30 people, 20 percent should be foreign or other distinguished guests and if the event involves 30 or more people, 50 percent should be foreign or other distinguished guests. Guest lists were provided for only 4 of the 25 sampled cases in the Army and Navy which required a set ratio be maintained. In these cases the established ratios were maintained but we could not determine whether the established ratio was maintained for the other 21 cases. However, our review of additional files of visits outside our sample showed numerous situations where the Army and Navy provided guest lists but the ratio of DOD to non-DOD guests exceeded the guidance. For example, the Army paid \$500 for a dinner for 77 people--3 foreign guests and 74 DOD personnel and spouses. By contrast, in each Air Force case we reviewed, guest lists were provided and required ratios were maintained.

The Army and Navy also exceeded their established limits for gratuities. Army and Navy guidance states that restaurant gratuities should not exceed 15 percent and tips for baggage handling should not exceed 50 cents per bag. Established limits were exceeded in about 38 percent of the sampled meal and baggage handling expenses which were documented. Army and Navy officials explained that expense limitations were exceeded because the guidance has not been adjusted for inflation, and the limits are not adequate in all locations.

#### Guidance for certain expenses unclear

DOD and military department guidance, in certain cases, clearly identifies appropriate uses for funds from the Official Representation account. Relevant guidance states that proper use of funds include hotel bills, food and refreshments, tips, and entertainment costs. The guidance prohibits use of the funds for entertaining only DOD personnel, personal items (toiletries, clothing, souvenirs), and classified projects or intelligence purposes. We found no expenses which conflicted with this guidance.

In some cases, however, the guidance is unclear. The guidance states that as a matter of policy Official Representation funds cannot be used for conferences, conventions, seminars, or working groups except when specifically approved in advance. All of the

departments, however, charged expenses associated with conferences involving U.S. officials and foreign dignitaries to Official Representation funds because they interpret the limitation to apply to conferences involving only U.S. officials. This interpretation seems to have merit, although, DOD's guidance does not make this distinction. DOD's guidance should be changed to reflect this, if it is a correct interpretation.

DOD guidance also states that Official Representation funds cannot be used for any expense for which another appropriation is available. The military departments make their own interpretations as to which appropriations the visits' expenses should be charged. We found differences among the departments for various expenses. For example, the Army charges the Official Representation account for rental cars, tolls, and meals for the vehicle drivers, while the Air Force and Navy charge rental cars, tolls, and drivers meals to other accounts.

OTHER COSTS NOT CHARGED TO  
OFFICIAL REPRESENTATION ACCOUNT

Many costs associated with the Distinguished Visitors' Program are not charged to the Official Representation account pursuant to DOD guidance. Thus the items do not show up as part of the cost of each visit. These costs include (1) the use of U.S. military air and ground transportation, (2) U.S. escort expenses, (3) demonstration of military equipment at U.S. installations, (4) annual planning to determine which foreign officials will be invited, and (5) development and coordination of itineraries.

In most cases, the military department conducting a particular visit calculated the time U.S. military aircraft was used to transport foreign guests around the continental United States during their visit. Some examples of the use of U.S. military aircraft include:

<u>Visit</u>	<u>U.S. military air travel</u>	<u>Flying cost</u>
12-day visit for 3 foreign guests in October 1980	C-140: 10 hrs. & 25 min. UH-1: 10 min.	\$16,802 32
5-day visit for 14 foreign guests in July 1981	C-135: 18 hrs. & 40 min. C-9: 35 min. UH-1: 15 min.	70,467 1,219 47
13-day visit for 5 foreign guests in October 1980	C-140: 18 hrs. & 18 min.	29,518
8-day visit for 5 foreign guests in August 1981	C-140: 10 hrs. & 12 min.	16,453

A partial listing of the aircraft used in DOD's Distinguished Visitors' Program during fiscal year 1981 and their associated flying costs are shown below.<sup>1/</sup>

<u>Air Force aircraft</u>	<u>Per hour flying cost</u>	<u>Hours flown during FY 1981 visits</u>	<u>Total flying cost</u>
VC-137	\$5,221	28 hrs. & 16 min.	\$147,580
C-135	3,775	18 hrs. & 40 min.	70,467
C-141	3,396	27 hrs.	91,692
C-9	2,090	1 hr. & 35 min.	3,309
VC-9	1,973	70 hrs. & 5 min.	138,274
C-140	1,613	238 hrs. & 35 min.	277,472
C-130	1,241	29 hrs. & 5 min.	36,092
H-3	887	1 hr. & 20 min.	1,183
T-39	628	3 hrs. & 20 min.	2,093
<u>Army aircraft</u>			
UH-1	189	6 hrs. & 40 min.	1,260
U-21	142	1 hr. & 10 min.	166
<u>Navy aircraft</u>			
A-3	1,321	51 hrs. & 55 min.	68,560
P-3	1,050	91 hrs. & 30 min.	96,075
C-12	662	17 hrs. & 20 min.	11,474
Total		586 hrs. & 31 min.	\$945,697

#### LACK OF PROGRAM GUIDANCE

There are certain items which are not addressed in the guidance which has led to other variations in the operation of the program. DOD guidance for the fiscal year 1981 program did not address the number of guests that could be invited, when visits should begin or end, and the duration of the visits. The variations in the program's administration can be seen below:

--Even though the majority of visits were conducted for 4 to 6 foreign guests, some visits included as many as 20, 30, 40 and more guests.

--Some visits began on Saturday even though official business did not begin until Monday; some visits ended anywhere from Sunday to Tuesday even though official business was completed on the previous Friday.

--While most visits lasted about 8 to 12 days, some ran as long as 15 and 21 days.

<sup>1/</sup>The time U.S. military aircraft flew during the fiscal year 1981 program was only available for 87 percent of the visits. The per hour flying costs are based on DOD figures.

The military departments do not share information about the administration of their programs. For example, one Army official was unaware of and wanted to know how the other departments account for a visit's expenses. In another instance, Navy and Air Force officials asked us to report back to them about how their counterparts administer their programs. These officials indicated that there was minimal coordination and sharing of information about how each administers their Distinguished Visitors' Program.

#### CONTROLLING FUNDS: A PROBLEM IN THE ARMY

Our review of selected visits in fiscal year 1981 disclosed the following problems the Army has in controlling funds.

- Although the military departments are not authorized to use Official Representation funds for the escort officers' expenses, only the Navy and Air Force could provide us with documentation to verify that these funds were not used.
- The Army could not account for \$865 from two visits because the expenses were not documented.
- One of the Army's case files remains open 1-1/2 years after completion of the visit because the necessary paperwork has not been completed.

#### CONCLUSIONS

DOD can spend Official Representation account funds for any expense that the Secretary of Defense or Secretary of a military department determines proper. Past Congresses were aware of and to our knowledge have not challenged the wide discretion given to the Secretaries for spending these funds. Since the determinations by the Secretaries are final and conclusive, exception cannot be taken to any of the expenses.

The Army and Navy should follow established guidance more closely, particularly for providing gratuities, developing guest lists for official functions, and recording support for the expenses incurred. Also, the military departments should coordinate and share mutually beneficial information about the administration of their programs. Although DOD has recently developed guidance regarding the use of Official Representation funds specifically for foreign dignitary visits, the guidance does not clearly address all of the issues and should be expanded to do so.

#### RECOMMENDATIONS TO THE SECRETARY OF DEFENSE

During our review, DOD implemented specific guidance regarding the use of Official Representation funds for foreign dignitary visits. Although we believe the new guidance is a step in the right direction, we recommend that the Secretary of Defense clarify

(1) if Official Representation funds should be used for expenses resulting from conferences between U.S. and foreign officials, (2) which expenses should be charged to other appropriations, and (3) if funds from the Official Representation account should be used to entertain foreign guests on weekends prior to or following the visitors' official business.

We further recommend that the Secretary of Defense direct the military departments to

- follow current guidance more closely or, where the guidance is inadequate, change the appropriate sections accordingly, and
- coordinate and share mutually beneficial information about the administration of their programs.

#### AGENCY COMMENTS

DOD generally agreed with our recommendations and said it has already resolved some of the problems we identified. With the publishing of DOD Directive 2001.1 on September 15, 1982, overall program guidance, which did not previously exist, is now available. Guidance now exists for the number of guests to be invited, the duration of visits, and what expenses may or may not be paid. Also, DOD noted that the Directive will be revised to clarify the use of official representation funds for conferences and seminars.

DOD has reminded the military departments to conform to DOD policy regarding guest ratios and the need to document all official representation expenditures. In addition, prior to each trip, escort officers will be instructed on the proper use of funds and the necessity to adhere to the established expense limitations.

DOD's comments note that the Army is instituting a system which will insure that copies of the necessary escort officer vouchers are filed with the trip records. The Army has also taken corrective action to obtain appropriate documentation for funds which could not be accounted for during our review.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our primary objectives were to determine the purposes of the DOD Distinguished Visitors' Program and the extent to which it is used. We focused on DOD use of Official Representation account funds to entertain foreign dignitaries while on invited visits to the United States during fiscal year 1981. We reviewed the U.S. News & World Report article cited in Representative Horton's request, to verify the specifics of each visit identified. Because the request concerned the DOD Distinguished Visitors' Program, we did not address the use of these funds for entertaining domestic officials or foreign officials not on invited visits.

We reviewed appropriate DOD and military department guidance, accounting, and related records, and interviewed responsible agency officials. We examined files to determine the purpose of individual visits and their associated business and social activities and expenses. Also, we randomly selected 156 of 2,714 expenses on fiscal year 1981 vouchers maintained by the Army, Navy, and Air Force. This sample and our review of selected visits were used to determine whether the expenses were authorized by law and conformed to DOD guidance. We examined supporting documents that we considered necessary to verify the expenses. Our review was performed in accordance with generally accepted government auditing standards.

EXPENDITURES FOR TYPICAL VISITS

The expenditures charged to Official Representation funds for a typical foreign dignitary visit averaged about \$6,500. Official expenses included hotels, meals, receptions, and entertainment. Hotel bills constituted the largest program expense followed by meals and then entertainment.

HOTEL EXPENSES

In many instances, hotel bills were almost 50 percent of a visit's costs charged to Official Representation funds. For example, a visit costing \$9,084.01 for three foreign guests in October 1981, included a \$4,288.35 hotel bill. Top-rated hotels were normally used when the guests were in major U.S. cities. For example, guests normally stayed at the Watergate Hotel when in Washington, D.C.; either the Waldorf Astoria or Plaza Hotel when in New York City; or the Stanford Court Hotel when in San Francisco. Our review of selected vouchers for fiscal year 1981 foreign visits showed, among other things, that

- three nights at the Stanford Court Hotel for four guests in June 1981 cost \$1,572.87;
- three nights at the Watergate Hotel for four guests in May 1981 cost \$1,263.71; and
- one night at the Waldorf Astoria for four guests in March 1981 cost \$550.23.

At the other end of the spectrum are the costs incurred for lodging expenses at U.S. military installations. For example, Ft. Bliss, Texas, was used one night for three foreign guests at a total cost of \$30.00 and Jacksonville Naval Air Station was used one night for four foreign guests at a cost of \$16.00. It should be pointed out that during a typical visit, both top-rated hotels and lodging at U.S. military installations were normally used.

MEAL EXPENSES

Meals comprised the next highest category of expenses and equalled about 20 percent of a visit's costs charged to Official Representation funds. As in the case with lodging, a mix of commercial and military facilities were used for dining. Some typical luncheon and dinner expenses during foreign visits are shown below:

- \$483.06 for dinner at Windows on the World Restaurant, New York City, for 10 people.
- \$432.85 for dinner at Ft. Campbell Officers' Club, Kentucky, for 19 people.

- \$384.38 for dinner at the Broadmoor Hotel, Colorado Springs, for 11 people.
- \$55.50 for lunch at Ft. Lewis, Washington, for 11 people.
- \$266.60 for lunch at the Oak Room, Plaza Hotel, New York City, number of people attending was not identified.
- \$12.95 for lunch at the U.S. Naval Academy for 7 people.
- \$656.24 for dinner at the Landmark Tavern, New York City, number of people attending was not identified.

#### ENTERTAINMENT EXPENSES

Entertainment expenses generally equalled about 3 percent of a visit's costs charged to Official Representation funds. Entertainment was almost exclusively reserved for evenings and weekends. Some typical examples of entertainment provided during foreign visits are shown below:

- \$87.30 for tickets to the Metropolitan Art Museum and Rockefeller Center in New York City, for 18 people.
- \$83.25 for entrance to Disney World, Orlando, Florida, for 9 people.
- \$41 for golf fees in Washington, D.C., for 3 people.
- \$80 for a guided tour of San Francisco, for 4 people.
- \$345.50 for a guided tour of Disney World, for 12 people.
- \$270 for tickets to a Madison Square Garden Horse Show, New York City, for 19 people.
- \$46 entrance fees at Hermitage and Creekwood Gardens, Tennessee, for the spouse of a foreign dignitary and 7 others.

EXAMPLES OF TYPICAL VISITS

We prepared two case examples which, we believe, represent typical "Distinguished Visitor" tours, to shed light on the specific business and social activities attendant to these visits. Each example represents the itinerary developed by the U.S. military service which conducted the visit. In some instances, we condensed the description of the activities as listed by the military service. Also, we deleted references to specific individuals and the foreign countries involved.

EXAMPLE 1: A 10-day visit by the Chief of Staff of a foreign Army and 3 additional guests in April 1981. The U.S. Army charged \$7,933 to Official Representation funds for this visit. The Army also spent \$16,834 for flying the guests around the continental United States on military aircraft.

<u>Date</u>	<u>Time</u>	<u>Activity</u>
Sunday, April 5	1440	Arrive JFK Airport, New York and greeted by U.S. military official and his wife
	-	Open time at leisure
	1900	Dinner at Oak Room Restaurant, Plaza Hotel, New York
Monday April 6	-	Lodging at Plaza Hotel, New York
	-	Breakfast as desired
	0815	Depart hotel via sedans enroute to U.S. Military Academy, West Point, New York
	1000	Arrive at West Point and greeted by U.S. military official
	1010	Office visit with U.S. military official
	1030	U.S. Military Academy Command briefing
	1110	Tour Military Academy Museum
1230	Lunch hosted at U.S. Military Academy	
1315	Visit Department of Foreign Languages and Classes	

<u>Date</u>	<u>Time</u>	<u>Activity</u>
Monday, April 6	1415	Visit cadet chapel
	1600	Depart U.S. Military Academy for New York City
	-	Open time at leisure
	1830	Hosted dinner at Windows on the World, New York
	-	Lodging at Plaza Hotel, New York
Tuesday, April 7	-	Breakfast as desired
	0800	Depart Plaza Hotel to LaGuardia Airport, New York
	0845	Depart LaGuardia Airport on U.S. military C-140 aircraft, enroute to Fort Campbell, Kentucky
	1010	Arrive at Fort Campbell and greeted by U.S. military official
	1025	Division Headquarters overview briefing
	1145	Lunch with soldiers at Fort Campbell dining facilities
	1300	Display and orientation of Cobra, Blackhawk, Chinook, and Kiowa helicopters
	1430	Ride in Cobra helicopter and observe demonstration of other military equipment
	1515	Observe live fire with infantry unit
	1600	Proceed to Quarters and open time at leisure
	1800	Dinner at Fort Campbell in the Barsanti House
	-	Quarters at Fort Campbell in the Barsanti House
	Wednesday, April 8	-
0920		Observe tracking training with the 1-3 Air Defense Artillery
1010		Observe Military Operation and Urban Terrain

<u>Date</u>	<u>Time</u>	<u>Activity</u>
Wednesday, April 8	1100	Orientation at Noncommissioned Officers' Academy
	1140	Observe firing battery operations
	1210	Lunch with 2-31 Field Artillery (C-Rations)
	1300	Orientation Air Assault School
	1410	Tour 86th Combat Support Hospital Field Set Up
	1500	Visit Pratt Museum
	1550	Return to quarters and open time at leisure
	1835	Dinner hosted at Fort Campbell Officers' Club
	-	Quarters at Fort Campbell in the Barsanti House
Thursday, April 9	0800	Breakfast in quarters
	0845	Depart Fort Campbell by U.S. military C-140 aircraft enroute to Fort Carson, Colorado
	1030	Arrive Fort Carson and greeted by U.S. military official
	1130	Command Briefing, Overview of Fort Carson
	1230	Lunch at Fort Carson Officers' Club
	1345	Visit training
	1600	Return to quarters and open time at leisure
	1815	Dinner hosted at Broadmoor Hotel, Colorado Springs, Colorado
	-	Quarters at Fort Carson in the Ivy House
Friday, April 10	-	Breakfast in quarters
	0900	Visit training at Fort Carson
	1130	Lunch at Fort Carson Officers' Club
	1230	Office visit with U.S. military official

## APPENDIX V

## APPENDIX V

<u>Date</u>	<u>Time</u>	<u>Activity</u>
Friday, April 10	1330	Depart Fort Carson by U.S. military C-140 aircraft enroute to Orlando, Florida
	1835	Arrive Orlando Airport and greeted by U.S. military official
	-	Dinner at the Dutch Inn, Lake Buena Vista, Florida
	-	Lodging at the Dutch Inn, Lake Buena Vista, Florida
Saturday, April 11	-	Breakfast as desired
	0930	Tour Disney World
	1230	Lunch at King Stephan's Restaurant, Disney World
	1530	Tour of Disney World ends and return to quarters
	2030	Dinner at the Villa Nova Restaurant, Winter Park, Florida
Sunday, April 12	-	Lodging at Dutch Inn
	-	Breakfast as desired
	1000	Visit Sea World and lunch at Sea World
	1500	Return to Dutch Inn and open time at leisure
	1800	Dinner aboard the Empress Lilly
Monday, April 13	-	Lodging at the Dutch Inn
	0730	Depart Orlando Airport by U.S. military C-140 aircraft enroute to Washington, D.C.
	0940	Arrive Andrews Air Force Base, Maryland and greeted by U.S. military official
	-	Depart Andrews Air Force Base by UH-1 helicopter enroute to Fort Myer, Virginia
	0955	Arrive Fort Myer and Full Honor Arrival Ceremony
	1020	Depart Fort Myer enroute to the Pentagon

<u>Date</u>	<u>Time</u>	<u>Activity</u>
Monday, April 13	1030	Office visit with U.S. military official
	1200	Lunch hosted at the Pentagon
	1330	Office visit with U.S. military official
	1400	Office visit with U.S. military official
	1500	Office visit with U.S. military official
	1530	Office visit with U.S. military official
	1600	Depart Pentagon to Watergate Hotel and open time at leisure
	1930	Dinner hosted at Quarters 1, Fort Myer, Virginia
	-	Lodging at Watergate Hotel, Washington, D.C.
Tuesday, April 14	-	Breakfast in hotel
	0900	Full Honor Wreath Laying Ceremony, Arlington National Cemetery and visit historic sites at the cemetery
	1200	Lunch hosted by Washington Embassy of Foreign Visitors
	1600	Depart Andrews Air Force Base by U.S. military C-140 aircraft enroute to JFK Airport, New York
	1900	Depart JFK Airport by foreign visitor's home country airline

EXAMPLE 2: An 8-day visit by the Chief of Staff of a foreign Navy and 3 additional guests in November 1980. The U.S. Navy charged \$3,865.52 to Official Representation funds for this visit. The Navy also spent \$21,576 for flying the guests around the continental United States on military aircraft.

<u>Date</u>	<u>Time</u>	<u>Activity</u>
Saturday, November 22	0850	Arrive San Francisco Airport and greeted by U.S. military official
	-	Proceed to hotel and lunch as desired
	1400	Windshield tour of San Francisco
	1900	Dinner hosted by U.S. military official
	-	Lodging at Stanford Court, San Francisco
Sunday, November 23	1000	Depart San Francisco by U.S. military A-3 aircraft enroute to Naval Air Station Jacksonville, Florida
	-	Lunch and dinner aboard A-3 aircraft
	1730	Arrive Jacksonville, Florida and greeted by U.S. military official
	1930	Cocktail party hosted at Jacksonville Officers' Club
	-	Quarters at Naval Air Station, Jacksonville
Monday, November 24	0745	Tour and briefings at Naval Air Station Jacksonville to include display of P-3C and P-3C trainer aircraft
	-	Lunch hosted at Naval Air Station, Jacksonville
	-	Resume tour and briefings at Naval Air Station
	1330	Depart Jacksonville enroute to Washington, D.C.
	1500	Arrive Washington, D.C. and greeted by U.S. military official
	1930	Cocktail party hosted by home country officials of visiting guests

<u>Date</u>	<u>Time</u>	<u>Activity</u>
Monday, November 24	-	Lodging at the Watergate Hotel, Washington, D.C.
Tuesday, November 25	0745	Breakfast at Washington Navy Yard
	0830	Honors and arrival ceremony at Washington Navy Yard
	0850	Arrive at the Pentagon and meet with U.S. military official
	0900	Begin briefings and courtesy calls
	1215	Lunch hosted at the Pentagon
	1330	Resume schedule of courtesy calls
	1630	Visit at Washington Embassy of Foreign Visitors
	1930	Dinner hosted at Washington Navy Yard
	-	Lodging at the Watergate Hotel
	Wednesday, November 26	0800
0950		Full Honor Wreath Laying Ceremony, Arlington National Cemetery and tour of Cemetery
1100		Arrive at the Pentagon and meeting with DOD official
1130		Depart Pentagon by U.S. military helicop- ter enroute to U.S. Naval Academy
1150		Arrive U.S. Naval Academy and greeted by U.S. military official
-		Lunch at U.S. Naval Academy and a tour of the Academy
1500		Depart U.S. Naval Academy by U.S. mili- tary helicopter enroute to the Pentagon
1530		Resume schedule of courtesy calls
1930		Dinner hosted by Washington Embassy of Foreign Visitors
-		Lodging at the Watergate Hotel, Washington, D.C.

## APPENDIX V

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<u>Date</u>	<u>Time</u>	<u>Activity</u>
Thursday, November 27	0900	Depart Washington, D.C. by military P-3 aircraft enroute to Hickam Air Force Base, Hawaii
	-	Brunch and dinner aboard P-3 aircraft
	2000	Arrive Hickam Air Force Base and greeted by U.S. military official
	-	Quarters at VIP House, Hickam Air Force Base, Hawaii
Friday, November 28	0900	Honors and arrival ceremony at base headquarters
	0915	Office visit with U.S. military officials and briefing
	1100	Lunch on barge hosted by U.S. military officials
	-	Wreath laying ceremony at the USS ARIZONA Memorial
	1250	Golf at Navy Marine Golf Course
	1830	Reception hosted by U.S. military officials
	-	Quarters at VIP House, Hickam Air Force Base
Saturday, November 29	0930	Arrive Naval Air Station, Barbers Point, Hawaii and greeted by home country and U.S. military officials, and visit home country detachment at Barbers Point
	1100	Depart Barbers Point by home country Naval vessel enroute to Naval Station at Pearl Harbor and greeted by home country military officials
	-	Visit home country squadron at Pearl Harbor
	-	Lunch hosted by home country military officials
	1240	Return to Quarters and shopping and sightseeing in Oahu

<u>Date</u>	<u>Time</u>	<u>Activity</u>
	1730	Reception onboard home country Naval vessel hosted by foreign visitors
	2000	Dinner hosted by home country officials
Sunday, November 30	1100	Depart Honolulu International Airport by foreign visitor's home country airline
		Official Visit Ends



COMPTROLLER

## ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

22 NOV 1982

Mr. Frank C. Conahan  
Director, International Division  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Conahan:

I am pleased to have the opportunity to comment on the proposed GAO Report, subject: "DOD Use of Official Representation Funds to Entertain Foreign Dignitaries." The report has been reviewed and staffed within each of the Military Departments as well as my own office. We found the report to be fair and generally accurate concerning our administration of official representation funds.

Before I address the specifics of the report let me state that the visits of foreign dignitaries to this country have resulted in strengthening bonds of friendship and have played an important role in the development of our military alliances. The worth of these visits cannot be measured in dollars and cents because they are so interwoven in our total strategy for defending this country.

Many of the concerns expressed in your report have, in fact, already been addressed based on our own internal concern for better management of these resources. For instance, DOD Directive 2001.1, "Visits by Foreign Dignitaries," issued September 15, 1982, establishes policy as to the numbers of guests to be invited, as well as the duration of visits. In the very near future DOD Directive 7250.13, "Official Representation Funds," will be reissued to clarify the use of these funds in connection with conferences and seminars. Enclosed you will find a listing which addresses in more detail each of the findings of the report.

The conduct of visits by foreign dignitaries usually involves each of the Military Departments, thus requiring close coordination to insure the successful completion of the mission. Although considerable coordination effort goes into each trip, your report has served to remind us that the coordination and communications processes should be continuous. Your positive and concise review of our official representation program has assisted us in improving our management of these scarce but vital resources and your assistance is most appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "John R. Quetsch".

John R. Quetsch  
Principal Deputy Assistant Secretary of Defense  
(Comptroller)

Attachment

DOD Comments on GAO Draft Report 463611  
OSD Case #6119

o FINDING A. Expenses Charged to Official Representation Account Authorized by Law

COMMENT: We concur with GAO that the legislative history clearly shows no congressional objection to the use of these funds to provide food, lodging, and entertainment for foreign dignitaries. No action by DOD is deemed necessary.

o FINDING B. Better Adherence to Department Regulations and other Guidance Needed

COMMENT: DOD Directives 2001.1 and 7250.13 provide guidance to administer official representation funds. However, we agree that paragraph 11.D.6 of the latter directive should be revised to clarify the use of these funds for conferences and seminars. This will be accomplished in the very near future. The Military Departments have been reminded of the necessity to fully conform to DOD policy regarding guest ratios and the need to document all official representation expenditures. In addition, escort officers are being instructed prior to each trip as to the proper use of these funds and the necessity to adhere to the established expense limitations.

o FINDING C. Other Costs not Charged to Official Representation Account

COMMENT: DOD Directive 7250.13 states that official representation funds will not be used for any purpose for which an appropriation is otherwise available, or to circumvent administrative or legal restrictions on the use of appropriated funds. We believe that policy is in strict compliance with 10 U.S.C. 140 which provides the Emergency and Extraordinary Expenses Authorization for costs that may not be anticipated or otherwise classified. It is true that charges relating to visits of distinguished guests are made to other than official representation funds, and that is the way it should be. Official representation funds are for those items of expense not otherwise authorized in DOD appropriations. We do not anticipate making any changes to our current procedures based on this finding.

o FINDING D. Lack of Program Guidance

COMMENT: With the publishing of DOD Directive 2001.1 on September 15, 1982, overall program guidance which did not previously exist at DOD level is now available. That particular directive provides guidance concerning the number of

guests to be invited, the duration of visits, and what expenses may or may not be paid. We believe that this guidance, combined with that included in DOD Directive 7250.13, provides a sound basis on which to administer the program.

o FINDING E. Controlling Funds: A Problem in the Army

COMMENT: All of the Military Departments treat the payment of escort officer expenses the same way. The procedure is that all costs for these personnel are originally paid from official representation funds. Upon completion of the trip the officer files a TDY voucher, the sum of which is reimbursed to the official representation account. The Army is now instituting a system which will insure that copies of the necessary vouchers are indeed filed with the trip records. Corrective action has already been taken to obtain appropriate documentation for the \$865 mentioned in the report and the case file cited as remaining open 1 1/2 years after completion of the trip has been closed.

(463681)



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